Class :- B.Com - 1

Subjects : Business Economics and Environment

Paper : 1

Unit : II

Topic : Change in Quantity Demanded

Lecture sequence No : 5

Prepared by

Dr. Roy Anita Kumari Paramanand

Marwari College Darbhanga

E.mail : roy27583@gmail.com

Change in Quantity Demanded
Movement along the Demand Curve :

When the amount demanded of a commodity changes (rises or falls) as a result of change in its own price, while other determinants of demand (like income, taste and prices of related goods) remain constant, it is known as change in the quatity demanded.

Change in the quantity demanded may be of two type (i) Extension of demand (ii) Contraction of demand.

Extension of Demand :

When the quantity demanded of a commodity rises due to fall in its price, other things remaining the same, it is called 'rise in Quantity demanded or ' extension of demand.

Other things being equal, when quatity demanded increases due to a fall in own price of the commodity. It is called extension of demand

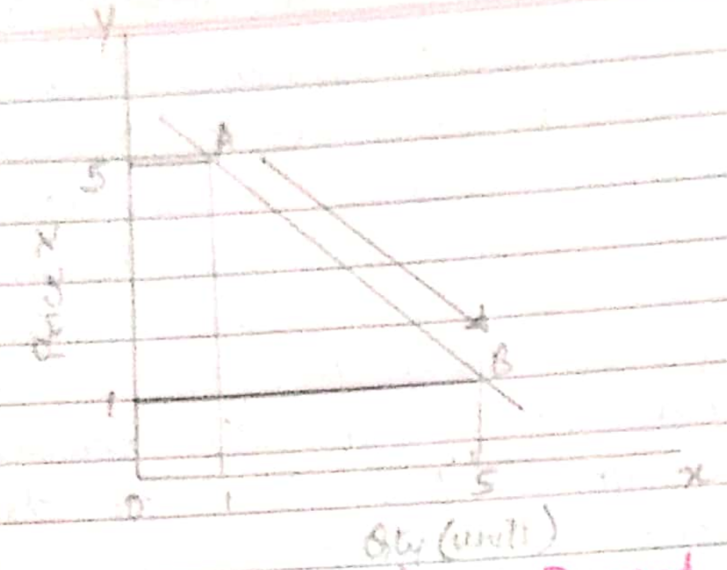
Table :- Extension of Demand.

Px. (Rs)	Qx unit	Description:
5	1	Fall in Own price of the Commodity
1	5	Rise in Quantity Demanded.

When the price of Good - X is Rs 5 per unit is demanded. when price reduces to Rs 1 per unit demand extends to Rs 5 units

Extension of demand is indicated by a downward movement along the demand curve as from A to B as per the fig →

Scanned with CamScanner



Extension of Demand.

Extension of demand refers to increase in Quantity demanded of a commodity due to a fall in its own price. Digrammatically it means a movement down the demand curve like from A to B.

Contraction of Demand:

Contraction of demand or fall in the quantity demanded refers to a decrease in the quantity demanded of a commodity as a result of rise in its price other things remains the same.

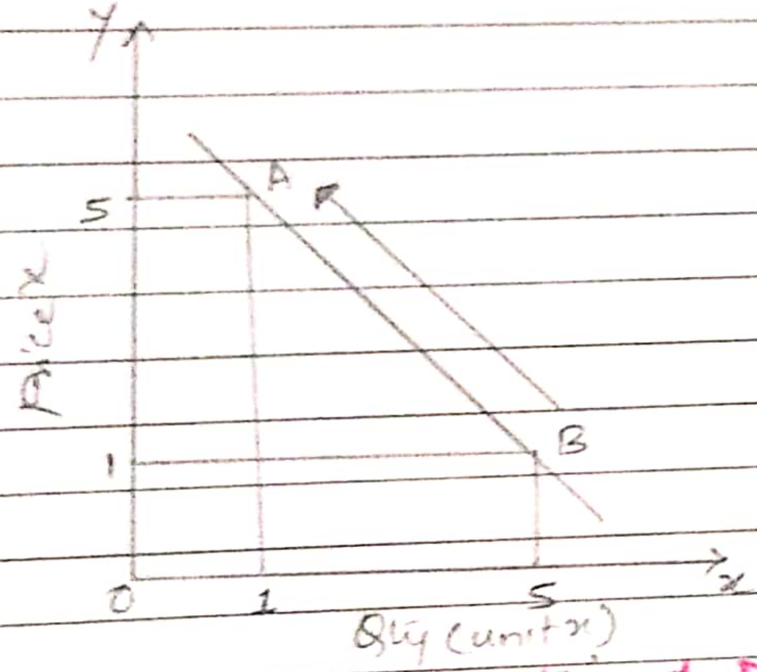
Other things being equal, when quantity demanded decreases due to a rise in own price of the commodity, it is called Contraction of demand.

Table.

P_x (Rs)	Q_x (unit)	Description
1.	5	Rise in own price
5	1	Fall in Qty demand

When the price of Goods x is Rs1 per unit 5 unit are demanded. When price rises to Rs5 per unit demand contract to 1 unit only.

Similar to extension of demand, contraction of demand is indicated by an upward movement along the demand curve, as from point B to A in fig given below:-



Contraction of Demand.

Contranction of demand refers to decrease a quantity demanded of a commodity, due to a rise in its own price. Diagrammatically it means a movement up the demand curve like from B to A.